

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
MONROE, LOUISIANA

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FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
FOR THE YEAR ENDED  
JUNE 30, 2009

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/17/10

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
JUNE 30, 2009

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- Bookkeeping & Payroll Services

December 31, 2009

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Monroe Area Guidance Center  
a/k/a Harmony House  
Monroe, Louisiana

We have audited the accompanying statement of financial position of Monroe Area Guidance Center a/k/a Harmony House (a nonprofit organization) as of and for the year ended June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monroe Area Guidance Center a/k/a Harmony House, as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 31, 2009 on our consideration of Monroe Area Guidance Center a/k/a Harmony House's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Monroe Area Guidance Center a/k/a Harmony House taken as a whole. The accompanying financial information listed as supplementary financial information in the table of contents for the year ended June 30, 2009 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Johnston, Perry, Johnson & Associates, L.L.P.*  
JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

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December 31, 2009

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Monroe Area Guidance Center  
a/k/a Harmony House  
Monroe, Louisiana

We have audited the financial statements of Monroe Area Guidance Center a/k/a Harmony House as of and for the year ended June 30, 2009, and have issued our report thereon dated December 31, 2009. We conducted our audit in accordance with accounting standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Monroe Area Guidance Center a/k/a Harmony House's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monroe Area Guidance Center a/k/a Harmony House's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material

weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. The significant deficiencies are listed as findings 09-1, 09-2 and 09-3.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe Area Guidance Center a/k/a Harmony House's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*. The instance of noncompliance is listed as finding 09-4 on the accompanying schedule of findings and responses.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Johnston, Perry, Johnson & Associates, L.L.P.*

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2009

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	179,989
Accounts Receivable - Grants	166,750
Accounts Receivable - Other	-
Unconditional Promises to Give United Way Services Funding	<u>50,760</u>

TOTAL CURRENT ASSETS 397,499

PROPERTY AND EQUIPMENT

Land	70,000
Buildings	957,715
Furniture and Equipment	266,361
Improvements	<u>179,049</u>
	1,473,125
Less: Accumulated Depreciation	<u>( 668,597)</u>

NET PROPERTY AND EQUIPMENT 804,528

TOTAL ASSETS 1,202,027

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	-
Accrued Leave	<u>1,905</u>

TOTAL CURRENT LIABILITIES 1,905

NET ASSETS

Unrestricted - Operations	344,834
Unrestricted - Fixed Assets	804,528
Temporarily Restricted	<u>50,760</u>

TOTAL NET ASSETS 1,200,122

TOTAL LIABILITIES AND NET ASSETS 1,202,027

The accompanying notes are an integral part of these financial statements.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

	Temporarily Restricted	Permanently Restricted	Unre- stricted	Total
<b><u>UNRESTRICTED NET ASSETS</u></b>				
Support				
Grants and Contracts	-	-	905,602	905,602
Contributions	50,769	-	2,372	53,141
<b><u>TOTAL UNRESTRICTED SUPPORT</u></b>	50,769	-0-	907,974	958,743
Revenues				
Client Fees	-	-	6,991	6,991
Miscellaneous	-	-	2,370	2,370
Bingo Proceeds	-	-	88,341	88,341
Management and Bookkeeping Fees	-	-	1,050	1,050
Gain or Loss on Asset Disposition	-	-	( 2,650)	( 2,650)
Interest Income	-	-	1,820	1,820
<b><u>TOTAL UNRESTRICTED REVENUES</u></b>	-0-	-0-	97,922	97,922
Net Assets Released from Restrictions				
United Way Services Funding	(65,009)	-0-	65,009	-0-
<b><u>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</u></b>	(65,009)	-0-	65,009	-0-
<b><u>TOTAL UNRESTRICTED SUPPORT, REVENUES AND RECLASSIFICATION</u></b>	(14,240)	-0-	1,070,905	1,056,665
<b><u>EXPENSES</u></b>				
Program Services				
Community Support	-	-	254,495	254,495
Fairhaven Shelter	-	-	194,640	194,640
Supportive Living	-	-	97,428	97,428
Jackson House	-	-	271,889	271,889
Transportation	-	-	69,508	69,508
Harmony House	-	-	63,215	63,215
Case Management Plus	-	-	85,063	85,063
<b><u>TOTAL PROGRAM SERVICES</u></b>	-0-	-0-	1,036,238	1,036,238
Supporting Services				
Management and General	-	-	35,242	35,242
Fund Raising	-	-	-	-
<b><u>TOTAL SUPPORTING SERVICES</u></b>	-0-	-0-	35,242	35,242
<b><u>TOTAL EXPENSES</u></b>	-0-	-0-	1,071,480	1,071,480
<b><u>INCREASE (DECREASE) IN NET ASSETS</u></b>	(14,240)	-	( 575)	( 14,815)
<b><u>NET ASSETS AT BEGINNING OF YEAR</u></b>	65,000	-0-	1,149,937	1,214,937
<b><u>NET ASSETS AT END OF YEAR</u></b>	50,760	-0-	1,149,362	1,200,122

The accompanying notes are an integral part of these financial statements.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2009

PROGRAM SERVICES

	Community Support Program	Fairhaven Support	Supportive Living	Jackson House
Personal Services	115,196	111,112	72,911	187,326
Related Benefits	17,870	9,662	5,570	16,289
Travel	4,769	680	6,500	933
Operating Services	90,764	49,117	4,792	42,505
Supplies	10,622	7,500	350	4,073
Professional Services	2,092	2,445	400	9,869
Miscellaneous	-	-	-	-
<u>Total Expenses Before Depreciation</u>	<u>241,313</u>	<u>180,516</u>	<u>90,523</u>	<u>260,995</u>
Depreciation	<u>13,182</u>	<u>14,124</u>	<u>6,905</u>	<u>10,894</u>
<u>TOTAL EXPENSES</u>	<u>254,495</u>	<u>194,640</u>	<u>97,428</u>	<u>271,889</u>

	Transportation OMH	Harmony House OMH	Case Management Plus	General and Adminis- trative	TOTAL
Personal Services	21,172	31,733	51,059	15,125	605,634
Related Benefits	1,604	2,374	5,673	1,315	60,357
Travel	499	700	2,665	113	16,859
Operating Services	40,438	18,300	21,730	-	267,646
Supplies	600	5,000	3,936	11,593	43,674
Professional Services	600	500	-	5,000	20,906
Miscellaneous	-	-	-	-	-
<u>Total Expenses Before Depreciation</u>	<u>64,913</u>	<u>58,607</u>	<u>85,063</u>	<u>33,146</u>	<u>1,015,076</u>
Depreciation	<u>4,595</u>	<u>4,608</u>	<u>-</u>	<u>2,096</u>	<u>56,404</u>
<u>TOTAL EXPENSES</u>	<u>69,508</u>	<u>63,215</u>	<u>85,063</u>	<u>35,242</u>	<u>1,071,480</u>

The accompanying notes are an integral part of these financial statements.



MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Statement of Presentation:

The accompanying financial statements conform to generally accepted accounting principles for not-for-profit organizations.

B. Organization:

The Organization provides a spectrum of habilitation-oriented services to the chronically mentally ill in northeast Louisiana, including providing employment opportunities, helping clients with physical and emotional problems in order to help them get into the mainstream of community life, and operating a homeless shelter for the mentally ill. The Organization also carries out a janitorial program to help train clients for employment.

C. Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Cash and Cash Equivalents:

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

E. Budget Policy:

Budgets for various programs are prepared by the Organization and approved by grantor of the funds for each respective program.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Cash in Bank:

All funds are in institutions insured by an agency of the Federal Government, the Federal Deposit Insurance Corporation.

G. Related Party Transactions:

Monroe Area Guidance Center a/k/a Harmony House was the managing agent over Kilgore Complex, Inc. Monroe Area Guidance Center a/k/a Harmony House and Kilgore Complex, Inc. share several board members and employees. Management and bookkeeping fees earned from Kilgore Complex, Inc. during the year ended June 30, 2009 totaled \$525. At June 30, 2009 \$-0- was due from Kilgore Complex, Inc. for reimbursement of operating expenses.

Monroe Area Guidance Center a/k/a Harmony House was the managing agent over Garrett Road Apartments, Inc. Monroe Area Guidance Center a/k/a Harmony House and Garrett Road Apartments, Inc. share several board members and employees. Management and bookkeeping fees earned from Garrett Road Apartments, Inc. during the year ended June 30, 2009 totaled \$525. At June 30, 2009 \$-0- was due from Garrett Road Apartments, Inc. for reimbursement of operating expenses.

H. Contributions:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization has no permanently restricted net assets at June 30, 2009.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

I. Property and Equipment:

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Buildings are depreciated using the straight-line method over the useful lives ranging between 27.5 years and 39 years. Equipment is depreciated using the declining balance method over the useful lives ranging between 5 to 7 years. Improvements are depreciated using the straight-line method over 15 years.

J. Allocation of Functional Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

K. Reserve for Bad Debts:

Accounts receivable have been reviewed by management and they have determined that there is no requirement for a reserve for bad debts account as of June 30, 2009. Accounts receivable are reviewed monthly for bad debts.

L. Advertising Costs:

Advertising costs for the year ended June 30, 2009 were immaterial. Advertising costs are expensed as incurred.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009

NOTE 2 - FUNDING POLICIES AND SOURCES OF FUNDS:

The Organization receives its monies through various methods of funding. Most of the funds are received on a grant basis from Louisiana Department of Health and Hospitals. The Organization also receives funds as a reimbursement of actual expenditures, and upon a per unit of service provided method, including Medicaid funds. The Organization also receives funds by contributions from both public and private sources. The loss of these funds could have an adverse effect on the Organization.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE:

Grants

Grants at June 30, 2009 generally consist of reimbursements from the Department of Health and Hospitals for expenditures incurred under the grant program.

United Way

United Way Services Funding is awarded on a fiscal year basis from July 1 to June 30 of each year. For the fiscal year ending June 30, 2009, \$50,760 was awarded to Monroe Area Guidance Center, of which \$50,760 is temporarily restricted.

NOTE 4 - BOARD OF DIRECTORS' COMPENSATION:

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE 5 - IN-KIND CONTRIBUTIONS:

The Organization received various in-kind contributions during the year from private and public sources. The value of donated volunteer services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009

NOTE 6 - INCOME TAX STATUS:

The Organization, a non-profit corporation, is exempt from federal income taxes under Section 501(C)(3) of the Internal Revenue Code.

NOTE 7 - CHANGES IN FIXED ASSETS:

A summary of changes in fixed assets recorded at cost follows:

	Balance July 1, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2009</u>
Land	85,650	-	15,650	70,000
Harmony House Bldg.	660,000	-	-	660,000
Jackson/Fairhaven Bldg.	297,715	-	-	297,715
Harmony House Improvements	179,049	-	-	179,049
Furniture & Equipment	<u>245,200</u>	<u>21,161</u>	-	<u>266,361</u>
<b>TOTAL</b>	<b><u>1,467,614</u></b>	<b><u>21,161</u></b>	<b><u>15,650</u></b>	<b><u>1,473,125</u></b>
Accumulated Depreciation	<u>612,193</u>	<u>56,404</u>	<u>-0-</u>	<u>668,597</u>

The State of Louisiana maintains a revisionary right against \$121,007 on the furniture and equipment in the event the Organization wishes to dispose of assets or ceases operations.

NOTE 8 - ACCRUED LEAVE:

As of June 30, 2009, accrued annual leave time was \$1,905. The Organization records leave as an expenditure in the year the leave is earned.

NOTE 9 - CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009

NOTE 10 - FAIR VALUES OF FINANCIAL INSTRUMENTS:

The Organization's financial instruments, none of which are held for trading purposes, include cash. The Organization estimates that the fair value of all financial instruments at June 30, 2009 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

NOTE 11 - AUDIT REQUIREMENTS:

The Organization did not fall under the A-133 audit regulation which became effective for fiscal years beginning after July 1, 1996 due to federal funds expended being under \$500,000.

NOTE 12 - HUD FUNDING:

The Organization was approved by the Department of Housing and Urban Development (HUD) for a grant for a Case Management Plus project. The total obligation by HUD for this grant will be \$86,252 to be disbursed in the next year on a cost-reimbursement basis beginning in the year ended July 31, 2009.

NOTE 13 - CASH FUNDS:

All cash funds are in institutions insured up to \$250,000 by an agency of the federal government. At various times during the year the cash funds in these institutions exceeded \$250,000 and the excess of these funds was uninsured.

NOTE 15 - CONTINGENCY:

A discrimination claim has been filed with the EEOC by several former employees of the Organization. The Organization intends to vigorously defend each claim. Reserves are established for legal claims when payments associated with the claims become probable and the costs can

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009

NOTE 15 - CONTINGENCY: (Continued)

be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims. Based on information currently available, the Organization believes that the eventual outcome of the actions against the Organization will not, individually or in the aggregate, have a material adverse effect on the Organization. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to the Organization's financial statements.

NOTE 16 - BINGO REVENUES:

The Organization is participating in bingo games as a charitable beneficiary. The income and expense of these games are as follows:

Bingo Income	88,341
Bingo Expenses	<u>84,564</u>
<u>Net Profit</u>	<u>3,777</u>

NOTE 17 - SIMPLE RETIREMENT PLAN:

The Organization has a SIMPLE IRA plan for its employees. The Organization matches the first 3% of all employee contributions. For the year ended June 30, 2009, the Organization's retirement plan expense was \$3,331.

NOTE 18 - IMPAIRMENT OF LONG-LIVED ASSETS:

The Organization reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended June 30, 2009.

SUPPLEMENTARY FINANCIAL INFORMATION

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

SCHEDULE I

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Supportive Housing Program Case Management Plus 6/30/09 Program Year	14.181	<u>86,252</u>
<u>TOTAL FEDERAL ASSISTANCE</u>		<u>86,252</u>

See accountants' report.

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MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009

GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Monroe Area Guidance Center a/k/a Harmony House (nonprofit organization). All financial assistance received directly or passed through from other government or nonprofit agencies is included on the schedule.

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Monroe Area Guidance Center a/k/a Harmony House and is presented on the accrual basis of accounting.

SUBRECIPTS

Monroe Area Guidance Center a/k/a Harmony House did not pass through any federal funds received by it.

See accountants' report.

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SCHEDULE II

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
COMPENSATION TO BOARD MEMBERS  
FOR THE YEAR ENDED JUNE 30, 2009

No compensation was paid to any board member during the year under audit.

See accountants' report.

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MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES - GRANTOR BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

PROGRAM SERVICES

	<u>Community Support Program</u>	<u>Fairhaven Shelter</u>	<u>Supportive Living</u>	<u>Jackson House</u>
<b>Support:</b>				
Grants and Contracts				
OME	-	110,050	103,273	262,600
FEMA	-	6,749	-	-
HUD	-	-	-	-
City of Monroe	51,000	-	-	-
EDS	108,457	-	-	-
LSUS/E.A. Conway	34,632	-	-	-
Contributions				
United Way	32,769	18,000	-	-
Other	-	2,372	-	-
	<u>226,858</u>	<u>137,171</u>	<u>103,273</u>	<u>262,600</u>
<b>Revenue:</b>				
Client Fees - Room and Board	-	6,991	-	-
Miscellaneous	2,370	-	-	-
Bingo Proceeds	88,341	-	-	-
Management and Bookkeeping Fees	1,050	-	-	-
Gain or Loss on Asset Disposition	( 2,650)	-	-	-
Interest Income	1,820	-	-	-
	<u>90,931</u>	<u>6,991</u>	<u>-0-</u>	<u>-0-</u>
<b><u>TOTAL SUPPORT AND REVENUE</u></b>	<b><u>317,789</u></b>	<b><u>144,162</u></b>	<b><u>103,273</u></b>	<b><u>262,600</u></b>
<b>Expenditures:</b>				
Personal Services	115,196	111,112	72,911	187,326
Related Benefits	17,870	9,662	5,570	16,289
Travel	4,769	680	6,500	933
Operating Services	90,764	49,117	4,792	42,505
Supplies	10,622	7,500	350	4,073
Professional Services	2,092	2,445	400	9,869
Capital Outlay	11,069	-	2,000	3,300
Administrative Costs	2,132	3,196	10,750	1,602
Miscellaneous	-	-	-	-
	<u>254,514</u>	<u>183,712</u>	<u>103,273</u>	<u>265,897</u>
<b><u>NET REVENUE (LOSS)</u></b>	<b><u>63,275</u></b>	<b><u>( 39,550)</u></b>	<b><u>-0-</u></b>	<b><u>( 3,297)</u></b>

See accountants' report.

SCHEDULE III  
(CONTINUED)

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES - GRANTOR BASIS  
(CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2009

PROGRAM SERVICES (Continued)

	Harmony House <u>OMH</u>	Case Management <u>Plus</u>	Transportation <u>Services</u>
Support:			
Grants and Contracts			
OMH	70,476	-	72,113
ESG	-	-	-
HUD	-	86,252	-
LSUS/E.A. Conway	-	-	-
Contributions			
United Way	-	-	-
Other	-	-	-
<u>TOTAL SUPPORT</u>	<u>70,476</u>	<u>86,252</u>	<u>72,113</u>
Revenue:			
Client Fees - Room and Board	-	-	-
Miscellaneous	-	-	-
Management and			
Bookkeeping Fees	-	-	-
Gain or Loss on Asset Disposition	-	-	-
Interest Income	-	-	-
<u>TOTAL REVENUE</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>TOTAL SUPPORT AND REVENUE</u>	<u>70,476</u>	<u>86,252</u>	<u>72,113</u>
Expenditures:			
Personal Services	31,733	51,059	21,172
Related Benefits	2,374	5,673	1,604
Travel	700	2,665	499
Operating Services	18,300	21,730	40,438
Supplies	5,000	3,936	600
Professional Services	500	-	600
Capital Outlay	4,792	-	-
Administrative Costs	7,077	1,189	7,200
Miscellaneous	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>70,476</u>	<u>86,252</u>	<u>72,113</u>
<u>NET REVENUE (LOSS)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

See accountants' report.

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MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- \* Material weakness(es) identified?                    \_\_\_ yes    X no
- \* Reportable condition(s) identified that  
are not considered to be material  
weaknesses?    X yes    \_\_\_ none reported
- Noncompliance material to financial  
statements noted?                                    \_\_\_ yes    X no

Federal Awards

Internal control over major programs:

- \* Material weakness(es) identified?                    Not Applicable
- \* Reportable condition(s) identified that  
are not considered to be material  
weaknesses?    Not Applicable

Type of auditors' report issued on compliance for major programs:  
Not Applicable

Any audit findings disclosed that are  
required to be reported in accordance  
with section 510(a) of Circular A-133?                    Not Applicable

Identification of major programs:

None

Dollar threshold used to distinguish  
between type A and type B programs:                    \$300,000

Auditee qualified as low-risk auditee?                    \_\_\_ yes    X no

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2009

SECTION II - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

09-1

**Finding:** As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the organization's annual financial statements. This condition is intentional by management based upon the organization's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Professional auditing standards require that we report the above condition as a control deficiency. The standards do not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

**Criteria:** Proper internal controls require management to prepare the Organization's annual financial statements.

**Effect:** This finding has no effect on the financial statements.

**Cause:** It is not cost effective for the Organization to cure this control deficiency.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2009

SECTION II - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS  
(Continued)

09-1 (Continued)

**Recommendation:** As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying the reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports. In this case, we do not believe that curing the significant deficiency described above would be cost effective or practical and, accordingly, do not believe any corrective action is necessary.

**Reply:** Management agrees with this finding.

09-2

**Finding:** Accounting records are not organized or filed in a manner that makes them easily accessible for review. In addition, management was unable to locate some documents.

**Criteria:** Accounting records should be filed in an organized manner that makes them easily accessible.

**Effect:** This finding has no effect on the financial statements.

**Cause:** Policies and procedures for filing documents are not followed.

**Recommendation:** We recommend management regularly monitor the filing and organization of accounting records to ensure documents are filed properly.

**Reply:** Management agrees with this finding and will maintain the filing and organization of accounting records.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2009

SECTION II - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS  
(Continued)

09-3

Finding: SIMPLE IRA contributions withheld from employees are not remitted to the employee's account as required by law.

Criteria: Retirement contributions withheld from employees are required to be remitted to the employee's account within thirty days.

Effect: This finding has no effect on the financial statements.

Cause: Management was not aware of this requirement.

Recommendation: We recommend that management ensure that SIMPLE IRA contributions withheld from employees are remitted to the employee's account within thirty days.

Reply: Management agrees with this finding and will have the accountant remit all SIMPLE IRA contributions withheld from employees to the employee's retirement account within thirty days.

Compliance

09-4

Finding: The Organization has not updated its state asset listing which contains capital assets purchased with state funds in which the State of Louisiana maintains a revisionary right.

Criteria: The Organization should maintain a list of capital assets purchased with state funds.

Effect: This finding has no effect on the financial statements.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2009

SECTION II - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS  
(Continued)

09-4 (Continued)

Cause: Change in personnel overseeing records.

Recommendation: We recommend the Organization update the state asset listing for the capital assets purchased with state funds during the year.

Reply: Management agrees with this finding and will update the state asset list.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS  
JUNE 30, 2009

08-1

Finding: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the organization's annual financial statements. This condition is intentional by management based upon the organization's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Status: Uncleared. It is not cost effective to cure this finding.

08-2

Finding: We were unable to determine that monthly bank reconciliations are reviewed by appropriate level personnel.

Status: Cleared.

08-3

Finding: The Organization has not completed and filed the required quarterly unemployment reports (LUC) with the Louisiana Department of Labor since the third quarter of 2007.

Status: Cleared.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS (CONTINUED)  
JUNE 30, 2009

08-4

Finding: The Organization has not updated its state asset listing, which contains capital assets purchased with state funds in which the State of Louisiana maintains a revisionary right.

Status: Uncleared.

08-5

Finding: The audit report is late.

Status: Cleared.